



Dairy Week In Review

Dated Nov. 3, 2011



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Nov.) **	\$19.78/cwt.	▲ 0.2 %	▼ 4.9 %	▲ 5.7 %
Corn (Dec)	\$6.45/bushel	▲ 1.3 %	▲ 1.2 %	▲ 9.6 %
SBean Meal (Dec)	\$310.7/ton	▼ 0.2 %	▲ 0.6 %	▼ 5.9 %
Milk Margin*	\$15.09/cwt.	—	▲ 5.08 %	▲ 15.9 %

*Each issue of "Dairy Week in Review" will report on current "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for, based on data in the latest "PA Dairy Industry Performance Scorecard." Milk margin is affected by both milk & feed prices. ** The milk price reported is the Class III futures price for the next month plus a basis of \$1.75, an estimate of what you can expect to see on your milk check next month.

- USDA's *Dairy Products* report shows total cheese output falling 0.2 percent in September to 867 million lbs., down 0.6 percent from a year ago. American type cheese production was down 4.2 percent from a year ago, while Italian type cheese output increased 0.8 percent. Total cheese production for the third quarter of 2011 was down 1.1 percent, ending a streak of 13 straight quarters of year-over-year expansion, according to CME's *Daily Dairy Report*.
- Butter production reported for September was up 21 percent from a year ago to 137.6 million lbs., up 3.5 percent from August. Butter futures for 2012 on the CME fell 2.9 cents after the report was released. Nonfat dry milk powder production was down 5 percent in September to 104 mill. lbs., while skim milk powder increased 103.7 percent from a year ago to 35.6 mill. lbs. Total NDM/SMP production was up 10 percent.
- The latest *Ag Prices* report shows a decline in farm profitability, with the all-milk price in October down \$1.20 to \$19.90 per cwt. The cost of feed fell 35 cents from September to \$11.12 per 100 pounds of milk produced. Income over feed costs averaged \$8.78 per cwt., down 85 cents from September and below the 10-year average of \$9.09 per cwt.
- Dairy imports into China are down 43 percent during the third quarter of 2011 from a year ago, with China's September imports of whole milk powder at 15.4 million pounds, the smallest figure in three years. From Jan. to May 2011, China imported 69.7 million lbs.

Government/Industry:

- The USDA announced that it will fund anaerobic digester projects in eight states to encourage renewable energy production, reduce energy costs and reduce greenhouse gas emissions and farm-based pollution. The funds will be provided through the REAP program. Six farms in Ohio and four farms in Pennsylvania are included in the project.
- On Thursday, the U.S. House subcommittee on conservation, energy and forestry hosted a public hearing to review the implementation of Phase II of the Chesapeake Bay TMDL Watershed Implementation Plans and their impact on rural communities.
- On Wednesday, Nov. 9, the Center for Dairy Excellence will host the second of three "Mastering the Dairy Business" calls showcasing dairy farm families across the U.S. and unique best management practices applied within their dairy business models. For details, call the center at 717-346-0849.

